

Year-end tax-saving ideas



There's still time to save 2025 taxes

Just because it's December doesn't mean it's too late to reduce your 2025 tax liability. Consider implementing one or more of these year-end tax-saving ideas by December 31.

Defer income and accelerate deductions

Pushing income into the new year will reduce this year's taxable income. If you're expecting a bonus at work, for example, ask if your employer can hold off on paying it until January. If you're self-employed, you can delay sending invoices so that they won't be paid until January and thus postpone the revenue to 2026.

If you itemize deductions, remember that deductions generally are claimed for the year of payment. So, if you make your January 2026 mortgage payment in December, you can deduct the interest portion on your 2025 tax return. Similarly, if you've received your 2026 property tax assessment and pay it by December 31, you can claim it on your 2025 return (provided your total state and local taxes don't exceed the applicable limit).

But don't follow this approach if you expect to be in a *higher* tax bracket next year. Also, if you're eligible for the qualified business income deduction for pass-through entities, consider how this approach might affect it.

Harvest investment losses

An investment loss has a bit of an upside — it gives you the opportunity to offset taxable gains. If you sell investments at a loss before the end of the year, you can offset gains realized this year on a dollar-for-dollar basis.

If you have more losses than gains, you generally can apply up to \$3,000 of the excess to reduce your ordinary income (\$1,500 if you're married and filing separately). Any remaining losses are carried forward to future tax years.

Donate appreciated stock to charity

If you want to give to charity, you can simply write a check or use a credit card. Or you can donate from your taxable investment portfolio, which sometimes saves more tax.

By donating appreciated publicly traded stock, you can claim a charitable deduction (assuming you itemize deductions) equal to the current market value of the shares at the time of the gift. Plus, you escape any capital gains taxes you'd owe if you sold those shares.

But don't donate stock worth *less* than it cost. Instead, sell the shares so you can claim a capital loss, which can reduce your taxes now or in the future as discussed above. Then, give the sales proceeds to a charity and claim a charitable deduction.

Maximize retirement contributions

Making pretax or tax-deductible contributions to traditional retirement accounts — such as a 401(k) plan, Savings Incentive Match Plan for Employees (SIMPLE), IRA and Simplified Employee Pension (SEP) plan — can be a significant tax saver.

For 2025, taxpayers can contribute pretax as much as \$23,500 to a 401(k) or \$16,500 to a SIMPLE. The IRA contribution limit is \$7,000, though your deduction may be reduced or eliminated if you or your spouse also contributes to an employer-sponsored plan. Self-employed individuals can contribute up to 25% of net income (but no more than \$70,000) to a SEP IRA.

Taxpayers age 50 or older by December 31 can also make "catch-up" contributions of up to \$7,500 to a 401(k) or \$3,500 to a SIMPLE and \$1,000 to a traditional IRA. Those age 60, 61, 62 or 63 can make an additional catch-up contribution of up to \$3,750 to a 401(k) or \$1,750 to a SIMPLE.

The deadline for making 2025 401(k) and SIMPLE contributions is generally December 31, 2025. (And if you want to increase the amount that's deferred from your paycheck, you'll need to check with your plan on whether increases for the year are still

allowed.) But you might be able to make deductible 2025 IRA contributions as late as April 15, 2026, and deductible 2025 SEP contributions as late as the extended 2025 filing deadline of October 15, 2026.

Act soon

Most of the ideas discussed here must be implemented by December 31 to reduce your 2025 taxes. So act soon. Let us know if you have questions or are looking for more last-minute tax-saving strategies.

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